

May 29, 2012

The Randolph County Board of Commissioners met at 6:00 p.m. for a special budget session in the 1909 Randolph County Historic Courthouse Meeting Room, 145 Worth Street, Asheboro, NC. Commissioners Holmes, Frye, Haywood and Lanier were present. Commissioner Kemp was absent. The purpose of this meeting was to hear a formal presentation of the Proposed FY 2012-2013 Budget and budget requests from the County and City Schools, Randolph Community College and Sandhills Center Mental Health.

Will Massie, Assistant County Manager/Finance Officer, presented the Proposed FY 2012-2013 Budget via PowerPoint presentation. Mr. Massie said that although state and national statistics indicate the economy is slightly improving, Randolph County is not showing such a rebound, and he does not expect much growth in major revenue sources for at least the next year. He listed the following factors facing Randolph County that are affecting the budget:

- Decline in property values and lack of new development which negatively impact other taxes and fees, such as zoning permits, building inspection fees, and well and septic permits, as well as, Register of Deeds fees.
- Growth /replacement is not keeping up with personal property depreciation- especially vehicles
- More reliance on property taxes than ever before
- Less sales taxes as revenue source
- Less Federal and State financial assistance
- Loss of Public School Building Capital Funds
- Cost shifting from State to Counties
- Higher user fees
- Lower level of departmental services
- Farm deferrals continue to grow-28.37% of total County acreage is now farm deferred

Mr. Massie listed the following fiscal pressures the County will continue to face:

- Less County revenues due to the poor economy
- Repercussions of State budget crisis passed on to Counties by actions of NC General Assembly
- Increased demand for many County services
- More challenging to maintain existing services
- No one wants to raise property tax rate
- Use of reserves to balance budget won't last forever
- Impact of State Budget on the County Budget
 - Loss of ADM portion of Public School Building Capital Fund
 - 2006-07 \$1,785,702
 - 2007-08 \$1,505,256
 - Since \$ -0-
 - Redirected lottery proceeds
 - Child Support Enforcement (34% local) is now County's responsibility
 - Reduction in State grants

Mr. Massie reviewed the following highlights in the proposed budget:

- FY2012-2031 Proposed Budget totals \$111,899,955 (0.74% increase from last year)
- Increases property tax rate by 1.4 cents to 60.0 cents per \$100 valuation
- Declining sales tax growth at 2%
- Continued use of Appropriated Fund Balance
- Requested new positions –
 - Sheriff: 4 new positions and one upgrade
 - Emergency Services: 6 paramedics & 4 telecommunicators
 - Public Works: accountant and one upgrade (only ones in the proposed budget due to Public Works reorganization to balance current workload)
- No adjustment to employee pay plan
- 2.0% percent increase in employee medical costs
- Education – no proposed increases for Current Expense or Current Capital, although the ratio of average daily membership (ADM) between the County Schools and City Schools shifted by .64% for FY 12-13, resulting in more Current Expense and Current Capital funding for the City Schools.

		Requested	Proposed
Randolph County Schools	Current Expense	\$17,487,551	\$ 17,168,733
	Current Capital	\$ 4,981,547	\$ 2,215,057
Asheboro City Schools	Current Expense	\$ 4,622,466	\$ 4,495,284
	Current Capital	\$ 603,694	\$ 579,967
	Construction Capital	\$ 2,170,913	\$ 250,000
Randolph Community College	Current Expense	\$ 2,463,347	\$ 2,328,000
	Current Capital	\$ 485,000	\$ 485,000

- Requests from outside agencies not included in the proposed budget:
 - Senior Adults Assn – \$10,000 Home Delivered Meals
 - Family Crisis Center – \$10,000 additional operating
 - NC Central Park - \$5,000 operating
 - Innovative Opportunities – \$30,000 additional operating and \$49,013 capital
 - YMCA - \$50,000 capital
- Seven fire districts are requesting an increase in fire tax rates: Bennett, Climax, Eastside, Fairgrove, Franklinville, Guil-Rand, Westside

Mr. Massie reviewed the following highlights in the Capital Improvement Plan:

- The County has three current capital projects: Technology, RCC Continuing Education and Industrial Center (Article 46 Sales Tax), and Balfour School (financing method to be determined during budget process).

- Other Requested Projects by Emergency Services: Replacement of 911 Center, two new ambulance bases, cardiac monitors, all totaling \$5,920,000

Mr. Massie said that the financial crisis resulting from sub-prime mortgage failures caused the Federal Reserve to dramatically lower interest rates, which reduces the interest earnings available to us. The Federal Reserve has maintained the Federal discount rate during the past year near zero. Our current average return is .56%. As we spend fund balance, we are in effect shrinking our available cash reserves. Accordingly, we cannot expect our investment earnings to match the past year, even if the Fed begins raising interest rates.

Mr. Massie concluded by saying that Randolph County will continue to face issues that will put additional pressure on our property tax rate. County officials have a responsibility to communicate the status of departmental operations to the Commissioners and to the public; the Board has the responsibility to find the right balance between meeting the public's demand for services and the public's desire to pay for them.

Randolph Community College (RCC)

RCC President Dr. Robert Shackleford stated that the college has continued to increase in enrollment, largely due to the loss of jobs in the area. The college continues to do customized curriculum training for area business partners to keep business and industries going in our area, stating that over half of the PEMMCO employees are RCC graduates. Other area businesses, such as Hyosung USA, Teleflex, EFI, Energizer and Technimark also use RCC for training of their employees. Dr. Shackleford stated that RCC is adding classrooms in the following areas: Randleman, the east side of Asheboro, Seagrove, Ramseur and Liberty.

Dr. Shackleford said that RCC's request is \$135,347 over last year to cover costs and staff for the Continuing Education portion of the campus and for retirement and health care costs increases. He mentioned that although enrollment is expected to increase by as much as 25%, hefty state funding cuts are expected again for next year.

Dr. Shackleford thanked the Board for their continued support of RCC and the citizens of Randolph County.

Randolph County Schools

Donald Andrews, Randolph County Schools Superintendent, presented the Randolph County Schools budget request, and began by outlining the strategic goals of the system:

1. Produce globally competitive students
2. Led by 21st Century Professionals
3. Healthy and Responsible Students
4. Leadership and Innovation
5. Governed and supported by 21st Century Systems

Mr. Andrews said that due to the depletion of the Jobs Education funding and an increase in the State discretionary reduction, the outlook for Randolph County Schools appears to be a budget deficit of more than \$4 million. The Board of Education has approved a reduction / balancing plan, which includes: reducing school supply allotments and staff development / remediation allotments,

by approximately \$5.50/student, increasing child nutrition indirect cost, borrowing \$250,000 from the textbook fund, using additional \$300,000 of Low Wealth allotment, allocating a portion of fund balance as part of a two-year plan, reducing Teacher Assistants and Media Assistants to 80% employment, and a discretionary reduction for schools based on ADM, to offset the shortfall.

Mr. Andrews stated that the County Schools are requesting \$17,487,551 in Current Expense funding, which is a \$191,000 increase over last year or 1.1%, to be utilized for rising employer insurance and retirement costs.

The Capital Outlay request totals \$4,981,547 and represents a 123% increase over last year. Funds would be used to purchase property for a Randleman area elementary school, and updates to the four original high schools.

Mr. Andrews said that the Archdale-Trinity Special Tax District has requested that their supplemental tax rate of \$0.09 remain the same.

In conclusion, Mr. Andrews said they continue to watch the State's budget in hopes reductions in funding will not be as significant as initially projected.

Asheboro City Schools

Dr. Diane Frost, Asheboro City Schools (ACS) Superintendent, reported that the federal stimulus funds that assisted in filling the budget shortfalls for the past three years will be depleted in 2012-13. This is a loss of \$1.3 million in funding to ACS. Also, the North Carolina General Assembly's biennium budget calls for increasing the discretionary reduction to almost \$1.6 million in 2013-13. To offset the reductions, Dr. Frost said they are relying on strategically planned carryover funds, relief from federal sanctions of No Child Left Behind, and one-time state fund expenditures that will not be repeated in 2012-2013.

The ACS goal and budget request was to prepare for growth in enrollment, which is estimated at approximately 110 students in the middle and high school population; and reinstate critical vacant positions (3 additional teachers at \$150,000, reinstate 1 maintenance position at \$50,000); and funds to cover increase in hospitalization and retirement rates at \$55,000.

The ACS Board of Education is requesting \$4,622,466 in current expense, which is an increase of \$255,000 over the 2011-12 amount of \$4,367,466. She also asked that their Supplemental Tax Rate remain at \$.1385/100.

Dr. Frost stated that the ACS Board of Education has outlined four major priorities for capital outlay projects over the next ten years, which was presented to the Board of Commissioners in March 2010 and at additional meetings over the past several years, as follows:

1. Replacement of Old Balfour School (Early Childhood Development Center)
2. Additions and renovations at Asheboro High School
3. Addition at North Asheboro Middle School
4. New Elementary School

Dr. Frost expressed their appreciation to the Commissioners for their approval in March 2012 to move forward with the replacement of the Old Balfour School in order to provide a safe, efficient, handicapped accessible school setting for learning and growing.

The ACS is requesting \$2,774,607 for capital improvements for the 2012-13 school year, as follows:

- | | |
|------------------------------|----------------|
| • ECDC Project (Old Balfour) | \$1,920,913 |
| • Current Capital | 603,694 |
| • Construction Capital | <u>250,000</u> |
| | \$2,774,607 |

Dr. Frost thanked the Commissioners for their continued support to Asheboro City Schools.

Sandhills Mental Health

Victoria Whitt, Sandhills Director stated that their request of \$844,000 is the same as last year. She said that this is the eighth consecutive year that Sandhills has not requested an increase in County funding.

Ms. Whitt updated the Commissioners regarding the potential merger with Guilford County, stating that a tentative agreement has been reached and is being reviewed by legal staff.

Adjournment

There being no further business, the meeting adjourned at 8:07 p.m.

J. Harold Holmes, Chairman

Darrell L. Frye

Stan Haywood

Arnold Lanier

Amanda Varner, Deputy Clerk to the Board